



UpLift India Association  
Enriching lives of the poor...together

# **MICRO-INSURANCE CASE STUDY – A Community Owned Health Mutual Fund**

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1. What is micro insurance?
2. Health & finance situation in India
3. Life in the slums
4. Needs, Realities and questions
5. Uplift Mutual model
6. Operational issues
7. Actuarial role

# ***What is micro insurance?***

Key factors:

- Low income people live in risky environments and generally more vulnerable to various perils (***illness***, ***death***, disability, loss of property (fire/theft), agricultural losses, disasters)
- Less able to financially cope when a crisis occurs
- Poverty & vulnerability tend to reinforce each other
- Exposure may lead to substantial financial loss, plus uncertainty about when & how the loss might occur
- Informal means to manage risks but insufficient protection

Definition of micro insurance:

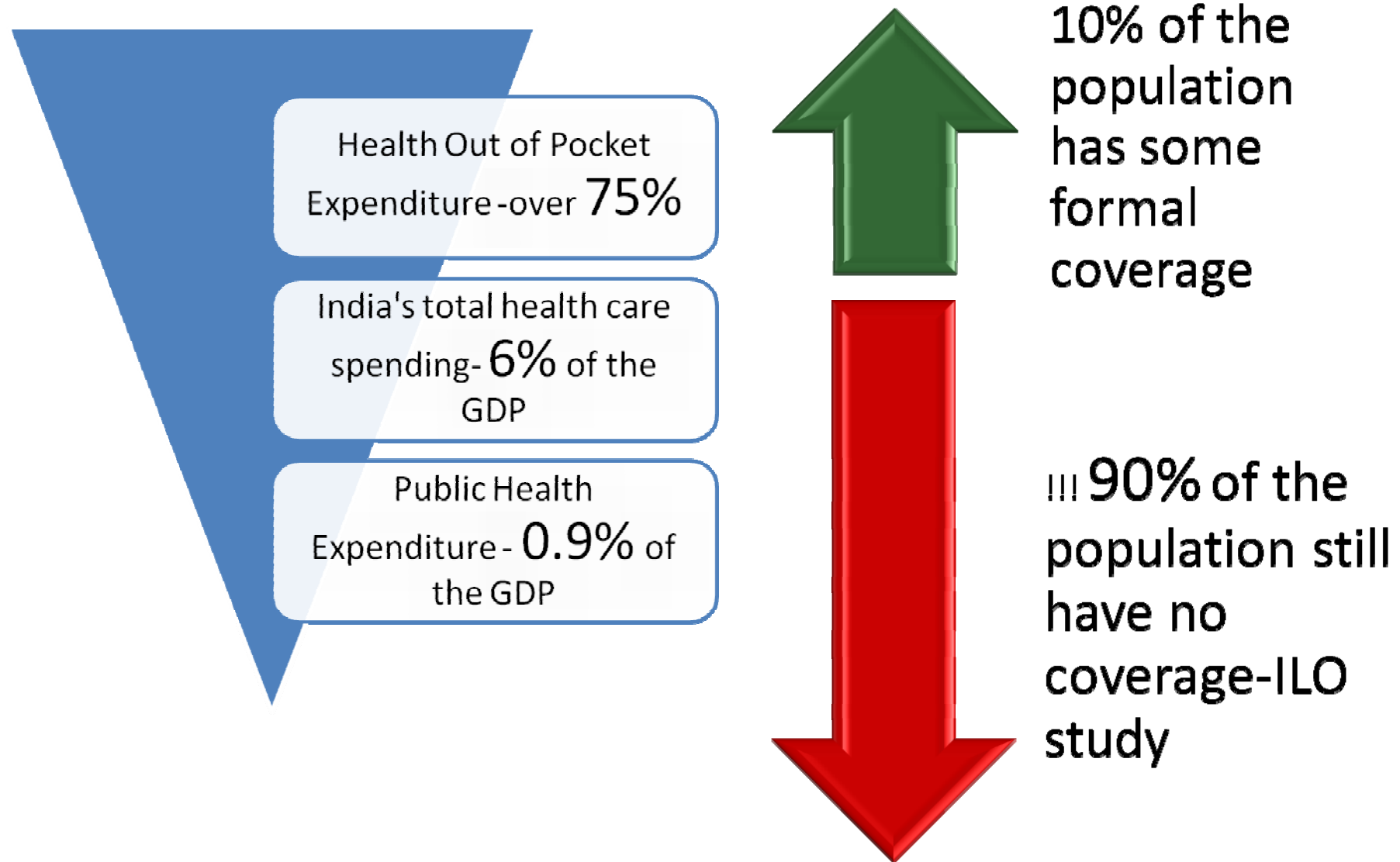
- The protection of ***low-income people*** against specific perils in exchange for a premium proportionate to the likelihood and cost of the risk involved.
- For people outside the mainstream insurance and social protection schemes (often informal sector)

# ***What is micro insurance?***

Definition cont'd :

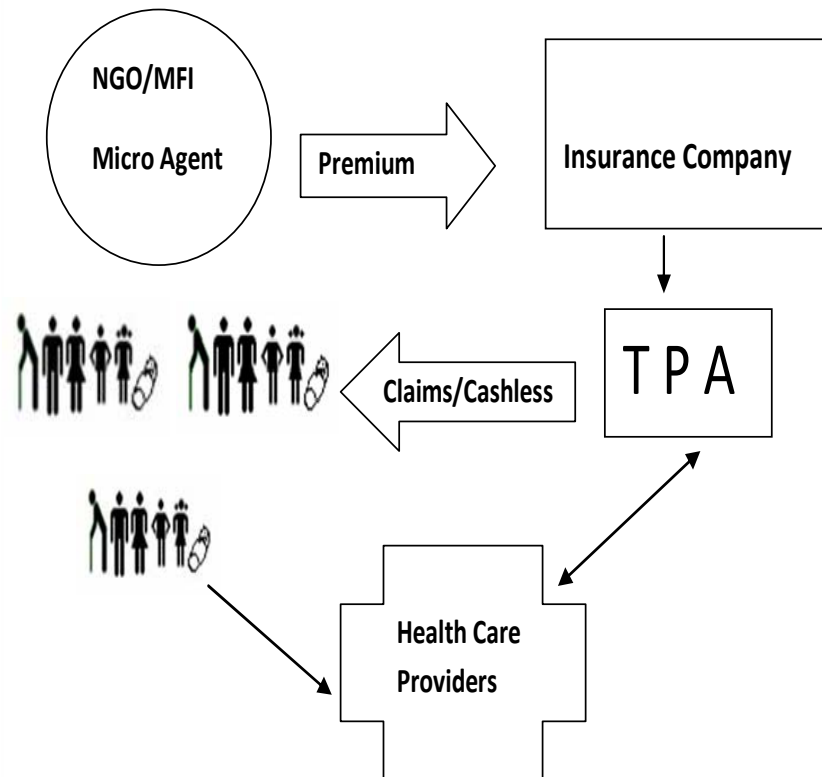
- Does not relate size of risk carrier
- Variety of distribution channels (SHG, MFI, Co-op)
- Not micro risks per se (from client view)
- Use of risk pooling concepts
- Reduce vulnerability by replacing uncertain prospect of losses with certainty of regular insurance premium

# Healthcare Expenditure and Protection outreach in India

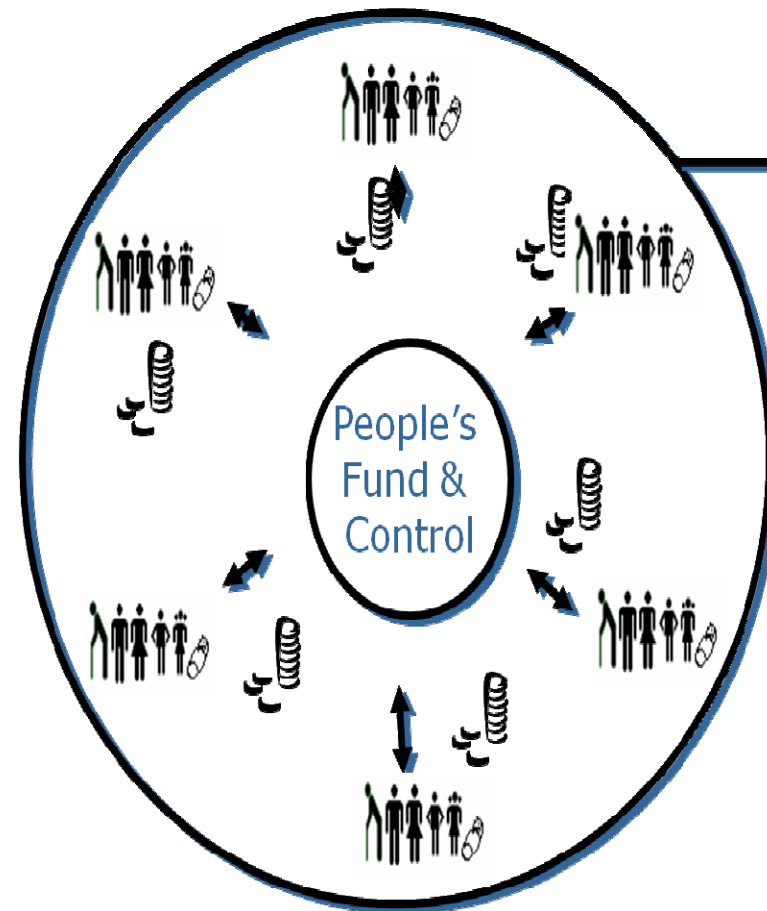


# Health Protection Models Context

PARTNER AGENT MODEL



Dominant Model ,regulated, claims satisfaction, solidarity, exclusions



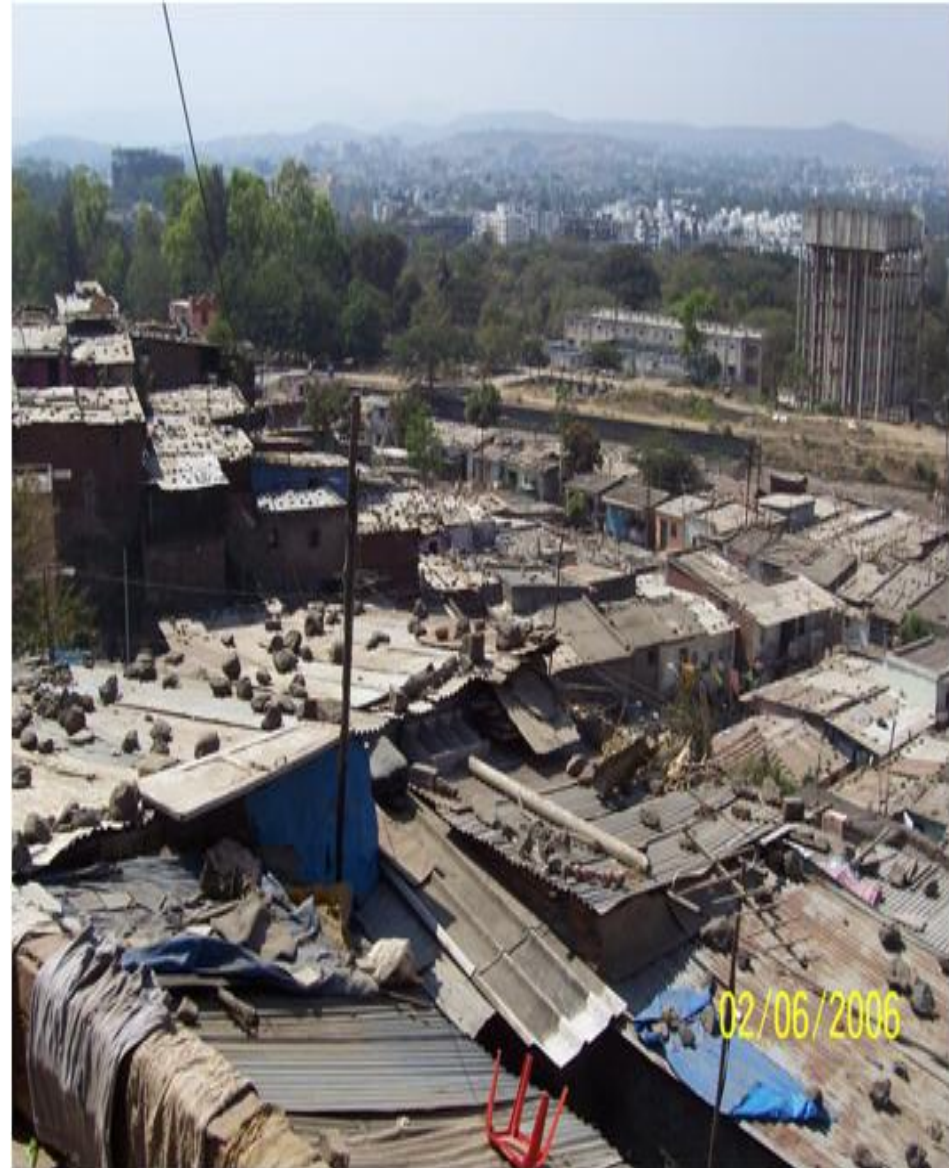
People's  
Mutual

Taking shape, yet to be regulated, people's need based, responsibility oriented, health services focus



## Urban Pune.....

- Since 1991 Slum population in Pune has grown almost 180%
- The Town and Country Planning Organization ranks Pune third in the cities with largest Slum Population after Mumbai and Meerut.
- 40%(over 1.4m) of the population in Pune City lives in Slums





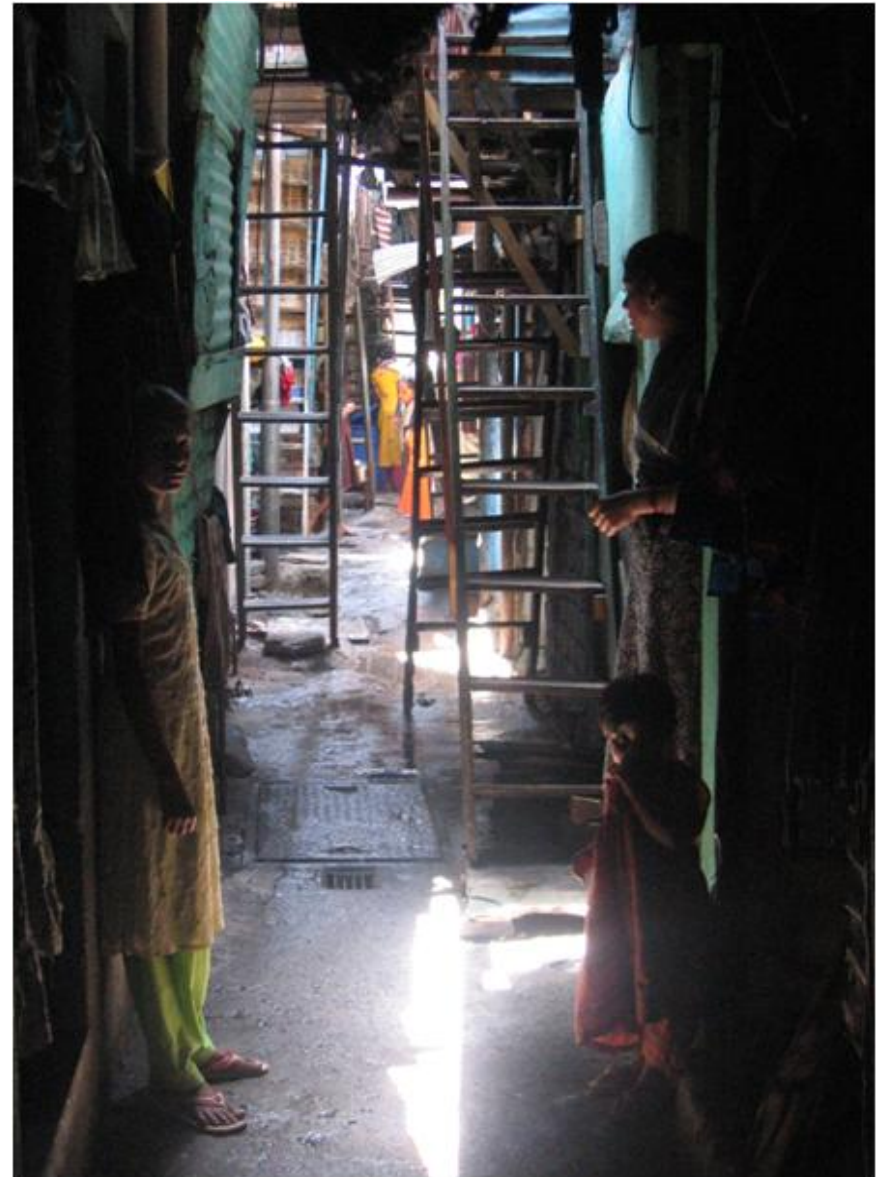
## Urban Pune.....

- Employment in Construction is one of the largest draws for migrants
- 553 slum settlements within Pune's 400 sq, km. of area.
- Out of these 347 settlements are declared



# Health and Access Issues in Slums of Pune

- Health levels generally low owing to physical surroundings
- Diseases owing to poverty as well as ill effects of urban lifestyle
- Hospitalization last resort
- Tendency to limit self to symptomatic treatment
- Seeking low cost treatment can result in unqualified private doctors & poor quality of treatment



# Needs, Realities....

## Member needs

- Affordable product for our members
- Guidance to quality care with discounts
- Impact on health and health behaviour
- Local management with transparent procedures

## Market realities

- No low cost product
- No guidance towards quality care
- Health not a concern
- Non transparent procedures

## ... and Questions

- When we are healthy what happens to the money?
- How can we design and price a health insurance-product?
- What risks can we share and how do we manage the risks?
- How to collect the contribution?
- How to process/decide on claims?
- What services-focus; on health or insurance?
- What about technology use?



Enriching lives of the poor...together

Uplift India Association  
(a SEC 25 Non Profit  
Company) associates 9  
NGOs in Maharashtra  
working to provide  
microfinance and social  
services to the  
unorganized and poor

- Micro Credit
- Business Development Services

UpLift *Wealth*

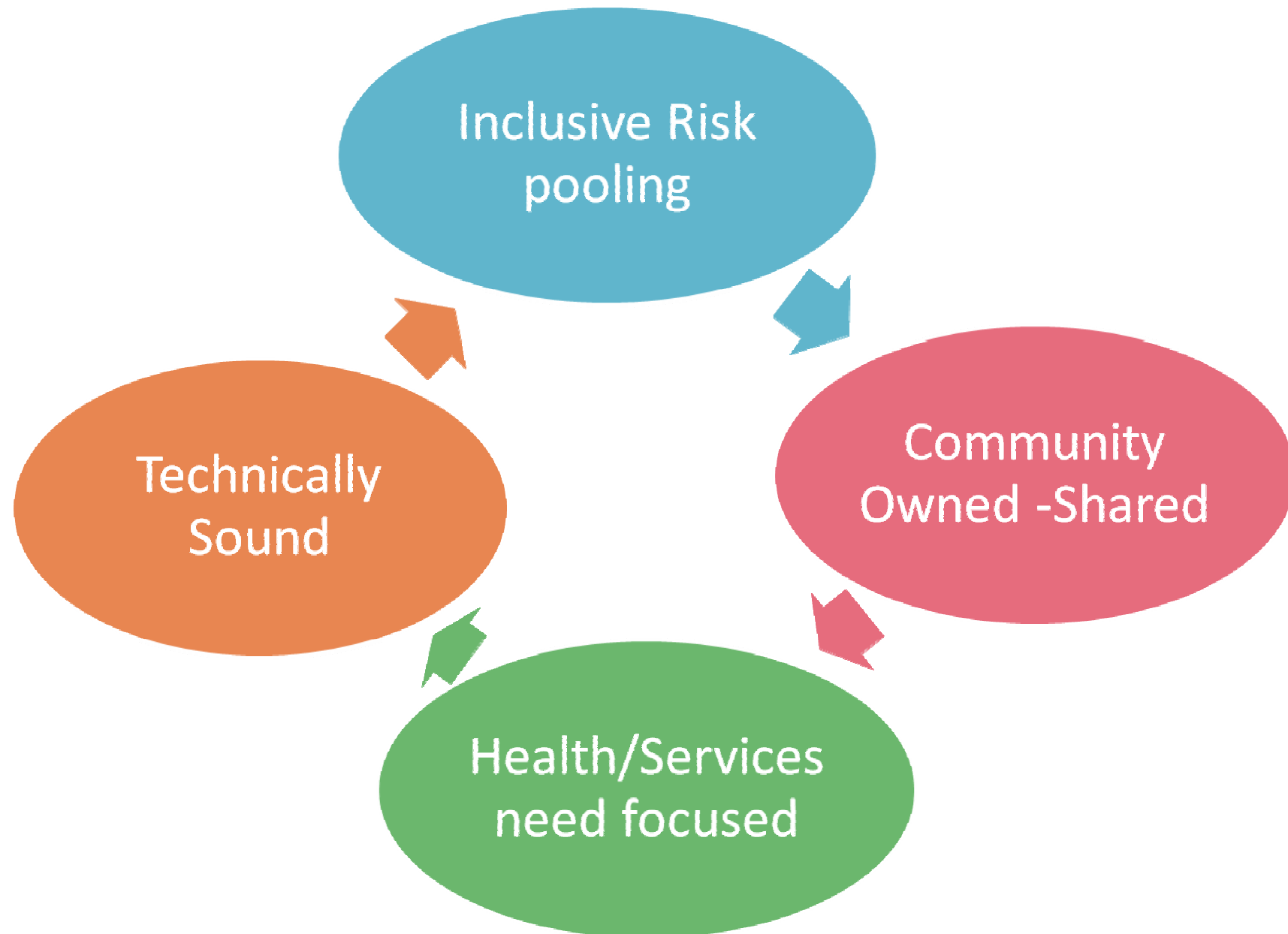
- Community Based Health Mutuals

UpLift *Health*

- Family Development
- Early Childhood Dev Programmes

UpLift *Families*

## Uplift Mutual...four defining values





# INCLUSIVE, RISK POOLING AND MANAGEMENT



RISK POOLING AS  
AGAINST RISK  
TRANSFER

SOLIDARITY  
BASED  
INCLUSIVE  
PRICING - NO  
AGE DIFFERENT  
PREMIUMS



RISK POOLING  
AMONG  
COMMUNITIES  
PROVIDES  
BETTER RISK  
MANAGEMENT

EXCLUSIONS  
VALIDATED AND  
REVIEWED BY  
COMMUNITIES



FOCUS ON  
FAMILY  
ENROLMENT  
AND GIRL CHILD  
INCLUSION  
CONTROLS

# MUTUALS COMMUNITY OWNED & SHARED



PRODUCT  
DESIGNED AS  
PER EXPRESSED  
HEALTH CARE  
NEEDS AND  
CAPACITY TO  
PAY

ALL MUTUAL'S  
PROGRAMME  
COMPONENTS  
VALIDATED BY  
ELECTED  
REPRESENTATIVES



FUNDS LOCATED  
IN JOINT BANK  
ACCOUNTS OF  
COMM REP AND  
IMP.ORG  
MONTHLY FUND  
STATUS RELAYED  
IN MEETINGS  
AND VALIDATED

CLAIMS DECIDED BY  
COMMUNITIES



COMMUNITY  
REPRESENTATIVES  
BEING TRAINED ON  
MUTUALS  
MANAGEMENT WILL  
JOIN THE UPLIFT  
HEALTH BOARD



# TECHNICALLY SOUND



TECHNICAL  
TEAM AT UPLIFT  
ACTUARIAL  
MEDICAL  
OPERATIONAL  
SOFTWARE  
MARKETING  
EXPERTISE

DISTRIBUTION  
THROUGH  
MICRO CREDIT  
PROCESS,  
DEDICATED  
STAFF FOR  
SERVICES



INHOUSE  
SOFTWARE  
TOOL-SYSLIFT  
FOR DATA-  
WAREHOUSE  
AND RISK  
MANAGEMENT

CENTRALIZED  
BACKOFFICE FOR  
ENCODING ,  
CLAIMS  
PROCESSING  
AND I CARD  
ISSUE-  
24X7 CALL



FRONT AND  
BACK PROCESS  
QUALITY  
CONTROL DONE  
BY UPLIFT  
THROUGH M&E  
AND REVIEW  
MEETINGS

# HEALTH SERVICES -NEEDS FOCUSSED



MULTI-LAYERED  
NETWORK OF  
HEALTH CARE  
PROVIDERS  
PROVIDE  
QUALITY CARE  
WITH  
CONCESSION

DEMAND BASED  
HEALTH  
CHECKUP CAMPS  
AND HEALTH  
TALKS



LOCALISED  
REFERRAL AND  
GUIDANCE AND  
SYSTEMATIC  
FOLLOW UP

24x7 HELPLINE  
WITH DOCTOR  
AT THE END AND  
BRANCH WISE  
OPDS



NETWORK OF  
OPDs -GENERAL  
PRACTITIONERS-  
DISCOUNTED  
COUPONS FOR  
DAILY MEDICAL  
NEEDS

# How People have benefitted by risk pooling

- People now share a reasonable level of health protection (40000 members)
- Accessibility and affordability to quality care has increased (network of more than 130 health care providers in Pune City alone)
- Peoples confidence in accessing quality care has improved
- Out of pocket expenditure has reduced by 50%-further decrease expected with the new coverage which is triple the previous product
- Women have started taking treatment earlier as medical advice and comfort is available
- Lakhs of Indian rupees of members saved because of referral and guidance services



# Unique Operational issues

- Product design... “Blind” underwriting
- Pricing without any past and keeping the premium affordable
- Marketing & distribution eg with MFI, competing motives
- Premium collection, no direct debits...
- Claims mgt: paying claims is good (up to a point)
- Active risk management
- HR; recruitment, training, salary costs, turnover
- MIS: Timely and reliable information competing with manual process
- Quantity vs quality
- Money and the lack thereof
- Community ownership means just that!

# Actuarial role

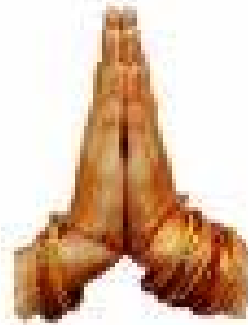
What can actuaries do?? .... Lots!

- Holistic risk view
- Pricing and product development
- Financial management
- Risk management
- Technical know how
- Kudos with other parties

But...

- Don't forget the doctors, field staff, ngo's etc
- Need for a pragmatic mindset, good sense of humour and lots of patience!

# THANK YOU



For more information

Visit us at [www.upliftindia.org](http://www.upliftindia.org)  
or write to us at [kellyejm@gmail.com](mailto:kellyejm@gmail.com)

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**Uplift India Association**  
**INDIA**

# ***Appendices***

1. High level metrics
2. Product details
3. HCP Network details

# Mutuals Performance 2007

Performance Indicators	Micro Health Insurance units
Ongoing Members	33,545
Contribution Collected	INR 2 MILLION Approx
Amount disbursed	INR 0.8 MILLION
Reimbursement Ratio	77%
Reimbursement Rejection Ratio	15%
Reimbursement Frequency	1.5%
Renewal Ratio	55%
Reserves	INR 0. 7 MILLION



# Services Report for Mutuals 2007

Services Indicators	Performance Data
No of IPD referrals given	1,952
% of positive referrals	73%
Health Camps	79
Attendance	4,147
Health Talks	94
Attendance	1,263
No. of OPD referrals	2,112
Amount saved of members (fund)thanks to referral services	INR 1.4 MILLION

# Enrolment & Contributions

## Enrolment:

- Member fills an enrolment form.
- Standard of living assessment form also completed
- Moral responsibility to give the correct and complete information (name, age, relationships and past history of illness). False information lead to nil benefits paid & policy cancelled
- A family photograph submitted at the time of enrolment. This photo added to the Nidhi card. Members avail the medical facilities in network health care providers by showing the nidhi card.

## Contribution:

- For a family of 4: Husband + Wife + 2 children <18 :  
**400 Rs per year +100 Rs** per additional Child per year.
- 150 Rs for individual > 18 Years Old
- 300 Rs for couple without children.

# Coverage Details

## Coverage:

- Hospitalization related benefits include:
  - Lodging, Nursing expenses,
  - Cost of medicines, Cost of investigation/ pathological reports and doctors/ surgeons' fees for one diagnosis including 10\_day of pre hospitalization and 10 days of post hospitalization expenditures.
  - Guidance for preventive care / health promotion.
- Pre existing diseases are covered from 3rd year onwards
- Coverage Period-12 months from the date of premium paid.
- Unit of coverage: Nuclear Family defined as husband, wife and first two children below the age of 18 years.
- No upper age limit.
- The age of policy holder should be above 18 years.

# Benefits

## **Hospitalisation benefits:**

- Public hospital care- 100% reimbursement of the total claimable (or the benefit category whichever is less)
- Other network health care - 80% reimbursement of the total claimable amount (or the benefit category whichever is less)
- Private non network health care- No reimbursement in case of use of non network hospitals
- Hospitalization performed with a pre-authorization of a benefit package within the HCP Network may be treated cashless.
- Emergency benefits treated in private hospital out of the network may be reimbursed after decision of the claim committee.

# Exclusions

## **Major exclusions:**

- Any intentional Self injury, suicide attempts and use of intoxicating drugs and/or alcohol.
- Elective cosmetic/plastic surgery.
- Sexually transmitted diseases. HIV exclusion
- Injuries etc related to war, invasion, nuclear weapons, nuclear fuel etc
- Dental hearing and optical care not arising out of an accident
- Chronic diseases or illness such as Cataract, Benign Prostatic Hypertrophy, Hysterectomy for Menorrhagia or Fibromyoma, Hernia, etc during the first year of policy.
- Expenses on vitamins and tonics (unless certified by the Doctor)
- Voluntary medical termination of pregnancy during the first 12 weeks
- Naturopathy treatment



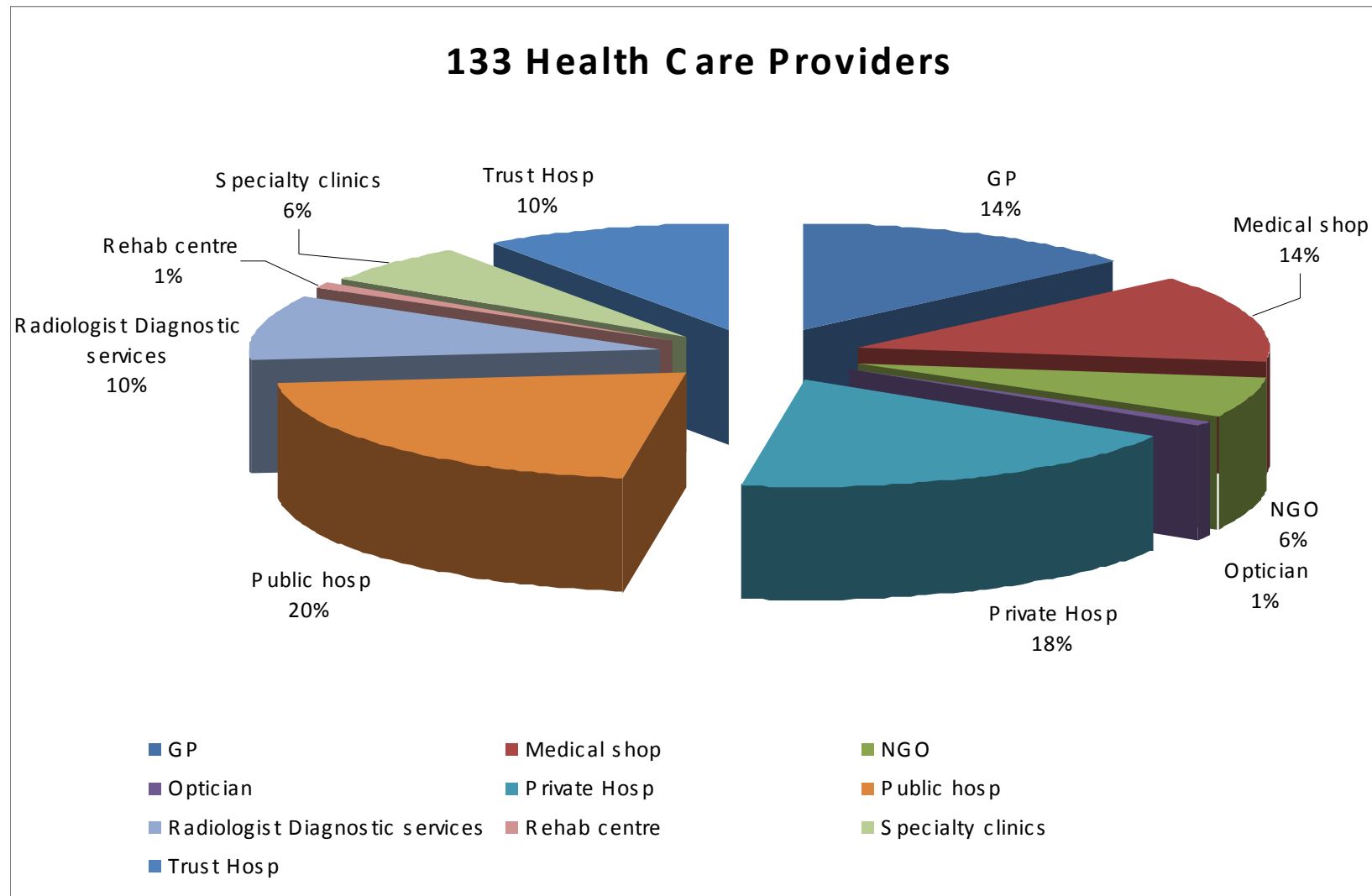
# Benefits Categories

- On Day discharge < 2500 Rs
  - Hospitalizations without admission “on day discharge”
- General Category < 5000 Rs
  - Small surgeries with local Anaesthesia. Moderate medical diseases/illnesses
- Semi-Special Category < 7500 Rs
  - Complex medical diseases etc
- Special Category < 10 000 Rs
  - Multiple diagnosis (diseases) each requiring separate line of treatment etc
- Super Special Category < 15 000 Rs
  - Surgeries with general anaesthesia, ICU with more than 3 day etc

# Claim Settlement Process

- 1. Declaration to SE/Co/ND/BPI or through phone (Any time)**
- 2. Guidance toward Most appropriated and fairly priced quality health care provider**
- 3. Cure**
- 4. Claim file preparation and validation by UH BPI**
- 5. Validation in Monthly Claim Committee (education /instruction of the claim)**
- 6. Claim decision**
- 7. Claim reimbursement**

# Uplift network in Pune



Uplift 2008